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Pennsylvania Inching Toward Recovery NC

The state's economy continued to make headway in October although there were further signs that the pace of the recovery had slowed.

The most prominent improvement was the 0.5 percentage point drop in the seasonally adjusted unemployment rate, which brought it to 9.9 percent of the civilian labor force. This was the first single-digit rate since December 1981.

However, unemployment rose again in November and the civilian labor force grew less than the usual seasonal amount. As a result, the seasonally adjusted jobless rate rose back up to 10.3 percent.

October also registered improvements in job levels. The 0.6 percent increase in the seasonally adjusted number of wage and salaried jobs in all nonfarm industries was the second consecutive monthly gain, following a 0.5 percent increase in September.

Many of the job gains occurred in the state's durable goods manufacturing industries. Job levels in these industries typically drop from September to October. Because this seasonal decline did not take place, the seasonally adjusted number of durable goods factory jobs was at its highest level in a year and October's increase was the largest monthly gain in three years.

Other economic indicators for the state in October were less encouraging. Nevertheless, overall they did show steady, though slow, movement toward pre-recession levels.

Total employment of Pennsylvania residents rose in October, but the 0.4 percent increase in the seasonally adjusted level was much smaller than the increases registered in the early months of the recovery. In November, it grew an even smaller 0.2 percent. The measure remained 1.3 percent below the level in July 1981, the first month of the most recent recession.

Furthermore, initial claims for unemployment compensation increased more than seasonally in October. Increases in new claims usually anticipate increases in unemployment. However, October's increase was relatively small and did not push the seasonally adjusted index for this measure above the 1977 average.

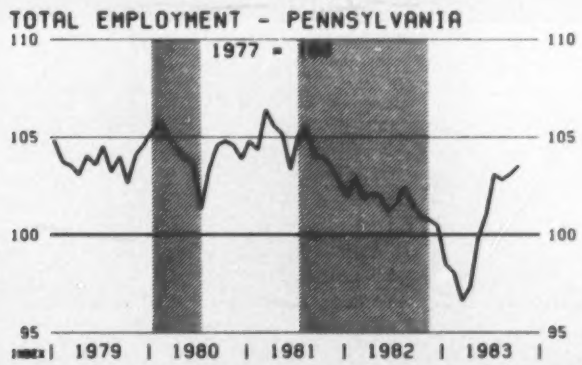
The increase in new claims and small declines in the two other components — the average length of the factory workweek and the value of residential contract construction awards — contributed to a 0.3 percent decline in the Pennsylvania composite index of leading indicators. The decline in the index was the first in eight months and may be only a correction of its strong showing in September. Nevertheless, it has been signalling a slowdown in the recovery since last July.

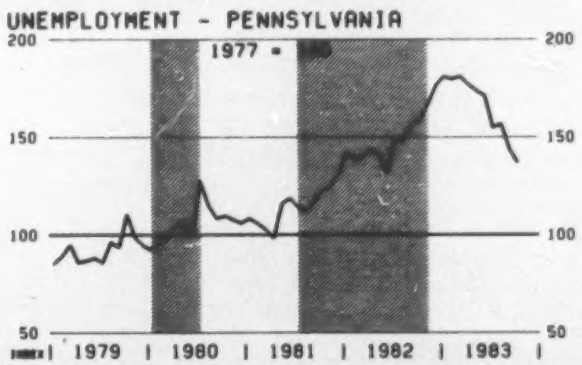
The composite index of coincidental indicators for the state rose a moderate 0.7 percent in October. The increase in total employment and the number of factory jobs contributed to the rise in this index while the third component, real weekly earnings of manufacturing production workers, was essentially unchanged.

Although weekly earnings were unchanged, because of employment gains, total weekly payrolls for production workers in the state's factories rose 0.8 percent in October after adjusting for inflation and seasonal variation. The seasonally adjusted level of total real earnings has risen 12 percent from the low in February but remained 26.7 percent below the 1977 average.

The larger factory workforce was working a slightly shorter workweek in October. Average weekly hours worked by production workers dropped back 0.2 hour but remained in the range of historical averages.

The level of industrial electric power sales also suggest that, while employment levels improved, no great surge in industrial production occurred in October.





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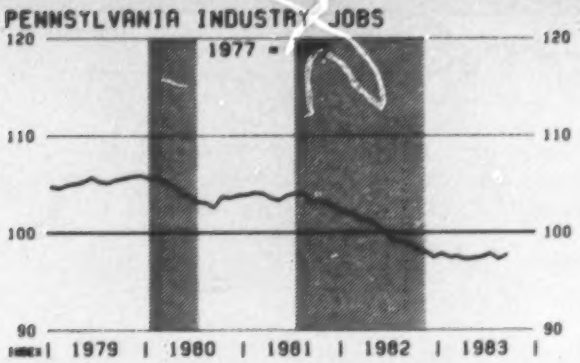
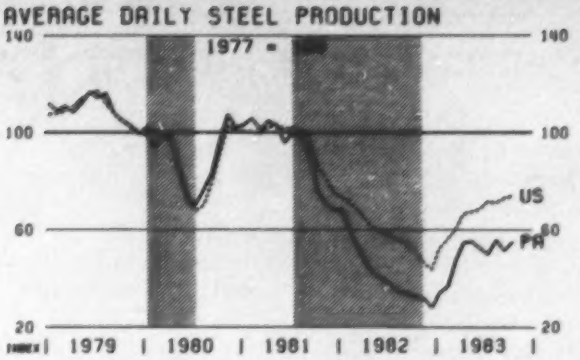
College of Business Administration The Pennsylvania State University **December 1983**





Sales of electrical power to industries in the state fell more than seasonally expected. The 1.6 percent setback in the seasonally adjusted level was the first decline in 10 months and represents a pause in the upward progress rather than a turnaround in the level of industrial activity.

The seasonally adjusted, average daily production of steel in the state rose 7.2 percent in October, regaining most of the momentum lost in the previous month but gained no new ground. Production was still just barely over half of historical levels.

Nationwide, steel production rose a smaller 1.2

Economic Activity in Pennsylvania	1983 Sept.	1983 Oct.	1982 Oct.	Seasonally Adjusted Indexes (1977 = 100) 1983 Sept.	1983 Oct.	1982 Oct.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,491.*	4,524.	4,530.	97.8*	98.4	98.4
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,376.*	3,411.	3,404.	104.6*	105.1	104.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,109.*	1,110	1,119.	81.5*	82.3	83.0
Ave. wkly. hrs. worked by prod. workers	39.9*	39.7	38.2	100.8*	100.3	96.4
Total wkly. person-hours worked (mils.)	30.4*	30.3	28.9	78.4*	78.5	74.7
Total wkly. payroll (mil. dols.)	273.9*	273.6	249.6	120.4*	121.5	110.8
Steel production (thous. tons)	1,056.	1,167.	685.	52.	55.	32.
Industrial electric power sales (mil. kwh)	3,571.	3,511.	3,107.	96.	94.	84.
Mining						
Anthracite coal (thous. net tons)	433.	423.	387.	92.	79.	74.
Bituminous coal (thous. net tons)	5,568.	5,995.	5,657.	72.	77.	73.
Construction contracts awarded (mil. dols.)						
Total	482.7	397.5	331.4*	151.	122.	99.*
Residential building	221.5	196.9	143.0*	124.	123.	88.*
Other building	139.4	152.2	140.2*	120.	154.	134.*
Nonbuilding (utilities and public works)	121.9	48.4	48.1*	251.	71.	67.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,964.	5,038.	4,911.	103.1	103.5	100.9
Unemployed						
No. of persons (thous.)	549.	530.	620.	143.7	137.1	159.3
Rate (percentage of labor force)	10.0	9.5	11.2			
Rate, seasonally adjusted	10.4	9.9	11.6			
Civilian labor force, no. of persons (thous.)	5,512.	5,568.	5,531.	106.2	106.1	105.4
Initial claims for unemployment benefits	114,341.	123,845.	186,445.	96.7	98.9	151.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1983 Sept.	1983 Oct.	1982 Oct.	Percentage Change Month Ago	Year Ago
U.S. city average	301.8	302.6	294.1	+0.3	+2.9
Philadelphia	291.4	291.2	281.5	−0.1	+3.3
Pittsburgh	n.a.	313.7	300.7	n.a.	+4.3
Northeast PA	287.2	n.a.	276.0†	n.a.	+4.1

NOTES: Data on employment have been revised to first quarter 1982 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for Sept. 1982 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
March	98.2	83.7	+3.2	+0.8
April	100.1	84.3	+1.9	+0.7
May	100.5	85.7	+0.4	+1.7
June	101.6	86.6	+1.1	+1.1
July	101.6	87.9	0.0	+1.5
August	101.7	87.5	+0.1	−0.5
September	102.6	87.9	+0.9	+0.5
October	102.3	88.5	−0.3	+0.7

percent on a seasonally adjusted, average daily basis, which brought Pennsylvania's share of total U.S. steel production up to 15.2 percent from 14.8 percent. This compares to a better than 20 percent share prevailing before the recession.

Anthracite coal production in the state lost some ground. The amount of anthracite coal mined dropped 2.3 percent in October when an increase is usually expected at that time of year. As a result, the seasonally adjusted index for this measure fell to 79 (1977 = 100) from 92 in September.

At the same time, however, the amount of bituminous coal mined continued to zigzag, rising a seasonally adjusted 7.7 percent, after falling 7.9 percent in September. No general upward or downward trend has been evident in this measure since the beginning of the year.

No production figures are available for the service-producing sector of the economy, which includes public utilities, wholesale and retail trade, government, and transportation, finance, and miscellaneous services industry groups. But available employment data do not suggest any strong gains in October.

The greatest percentage increases in the seasonally adjusted number of jobs from year-ago levels among these industry groups were the 1.9 percent increase in retail trade and the 1.1 percent increase in the finance, insurance, and real estate industries. Overall, the seasonally adjusted number of jobs in the service-producing sector was 0.7 percent higher than a year ago.

The state's construction industry continued to improve, but at a very modest pace. The number of construction workers employed rose a seasonally adjusted 3.7 percent in October but remained 8.1 percent below the year-earlier figure.

The value of total awards for future construction was brought down by utilities and public works construction, which was less than half of September's rather high level. The value of awards for commercial buildings rose 9.2 percent from a month earlier while the value of awards for residential buildings fell 11.1 percent. The cumulative value of total awards in the first 10 months of the year was 4 percent ahead of the value in the same period last year.

Finally, October's consumer price figures show a continuing moderation in the rate of inflation in both the nation and the state. However, over-the-year price increases were a little higher than the U.S. city average for Pennsylvania cities.

The all-urban consumer price index, which covers about 80 percent of the nation's population, rose 0.3 percent from September to 302.6 percent of its 1967 average and was up 2.9 percent from October of 1982. The comparable index for Philadelphia actually fell 0.1 percent in October from September but was 3.3 percent ahead of the year-ago figure. In Pittsburgh, consumer prices were an even higher 4.3 percent ahead of the level in October 1982, but this is much lower than the 7 to 11 percent over-the-year increases Pittsburgh experienced in the past year and a half.

— Norma I. Gavin

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Norma I. Gavin, Editor
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Second Quarter Marks Strong Income Gains

Total personal income in Pennsylvania rose a substantial 2.4 percent in the second quarter after falling 0.1 percent in the first quarter.

Labor and proprietors' income grew a strong 3.2 percent. This was the largest quarterly gain since the fourth quarter of 1980. Increases were evident in all major industry groups, except the construction industries and the military.

Nationwide, total personal income grew a slightly smaller 2.2 percent in the second quarter and labor and proprietors' income was up 2.8 percent; only the mining industry group failed to generate more income than in the first quarter of the year.

Furthermore, nationally only the mining industries generated less income than a year ago among the major industry groups while, in the state, durable goods manufacturing industries also failed to meet year-earlier income levels.

Less income than last year was generated from dividends, interest, and rent in both the state and the nation while transfer payments were up 13 percent and 11.3 percent, respectively, from last year's levels.

— Norma I. Gavin

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1983 II (mil. dols.)	*Quarter Ago*	*Year Ago*	1983 II (mil. dols.)	*Quarter Ago*	*Year Ago*
Labor and proprietors' income by place of work	93,034	3.2	4.1	1,941,782	2.8	6.9
By type						
Wage and salary disbursements	78,199	2.8	2.9	1,642,184	2.4	5.4
Other labor income	9,265	4.4	6.2	170,004	3.5	9.4
Proprietors' income	5,570	7.2	20.2	129,594	8.2	24.0
By industry						
Farm	794	3.5	23.1	36,680	4.6	28.0
Nonfarm	92,240	3.2	4.0	1,905,102	2.8	6.5
Private	79,349	3.5	3.6	1,596,031	3.0	6.3
Ag. serv., for., fish., and other	232	0.4	13.7	8,271	1.0	12.4
Mining	1,472	9.9	-9.2	32,793	-0.8	-15.1
Construction	4,358	-2.3	1.2	104,300	4.6	7.8
Manufacturing	27,653	4.7	-1.6	463,592	3.2	3.1
Nondurable goods	10,076	3.5	5.5	173,873	2.6	6.0
Durable goods	17,578	5.4	-5.3	289,719	3.6	1.4
Transportation	7,057	2.8	0.3	150,404	2.1	4.1
Wholesale trade	5,622	2.9	3.7	131,285	2.4	4.5
Retail trade	8,435	3.0	7.4	183,940	2.4	7.5
Finance, insurance, and real estate	5,491	4.7	15.4	129,207	4.5	16.1
Services	19,029	3.1	10.4	372,240	3.1	10.2
Government	12,891	1.4	5.9	329,071	1.8	7.5
Federal, civilian	3,378	2.4	8.0	75,103	2.2	8.0
Federal, military	483	-4.0	-3.0	33,667	0.1	5.9
State and local	9,033	1.3	5.7	220,301	1.9	7.5
Total personal income	135,352	2.4	4.7	2,709,137	2.2	6.0
Nonfarm personal income	134,558	2.4	4.6	2,672,457	2.2	5.7
Net labor and proprietors' income[1]	86,468	3.2	4.2	1,823,103	2.9	6.9
Dividends, interest, and rent	23,332	0.0	-1.7	480,785	0.1	-1.2
Transfer payments	25,553	1.6	13.0	405,249	1.7	11.3

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1983.
[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

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Center for Research of the
College of Business Administration
The Pennsylvania State University
University Park, Pennsylvania 16802

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